Alberta
ENERGY

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06-07

GAS ROYALTY CALCULATION INFORMATION BULLETIN
July 2006

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PLEASE ENSURE YOUR PRODUCTION ACCOUNTANTS RECEIVE A COPY OF THIS DOCUMENT.

A. PRICING RATES AND TRANSPORTATION INFORMATION

For Pricing, Royalty Rates and Transportation Information for May 2006, refer to Attachments 1, 1A, 2, 2A, and 3.

B. NOTICES

Alberta Natural Gas Royalty Guidelines - July 2006 Edition Now Available

The latest edition of the Alberta Natural Gas Royalty Guidelines, July 2006, with current updates for major changes in legislation and policy is now available.

The July 2006 edition is effective for October 2002 production periods forward. The September 2001 edition is still applicable for periods prior to October 2002.

The Guidelines may be printed from the department's Internet site located at: www.energy.gov.ab.ca

Please refer to the June 2006 supplement information bulletin 06-06A for more information.

If you have any questions, please contact Shellie Duiker at (780) 422-8083.

Royalty Exemption Statement

The Royalty Exemption Statement included in the March 2006 Crown Royalty invoice issued in May 2006 contained the following problems:

- PDF file format font was incorrect because all columns of the report were not being displayed or printed.
- CSV file format had duplicate headers for two columns which shifted data into incorrect fields.
- Condensate summary dollars did not match the detailed lines of condensate taken because pre-2002 data was not included.

The first two formatting items were corrected and the change was reflected in the April 2006 invoice issued in June 2006.

The condensate summary information will be reflected in the May 2006 invoice issued in July 2006. As a result, the following headers and column along with their data in the Royalty Exemption Statement have been eliminated as they relate to royalty programs no longer in effect:

Royalty Exemption Information Summary Data

- Eligible Periods Header and Data
- Total Periods Taken Header and Data
- Remaining Periods Header and Data

Total Well Detail Information

- Exemption Periods Taken Column and Data

Should there be any concerns or questions about the above changes, please contact Tracy Wadson, Royalty Programs at (780) 422-9240.

Retirement Amounts Claimed on AC2 Forms

Clients are reminded when filing an AC2 form for a facility cost centre (FCC) that the retirement amount claimed on the AC2 cannot exceed the allowable capital cost (opening) balance at the FCC. In addition, if the facility cost centre has been fully depreciated, retirement amounts may not be claimed.

If you have any questions, please contact your Gas Royalty Client Services portfolio representative as identified in Section F of this bulletin.

C. MONTHLY INFORMATION

May 2006 Royalty Due August 31

- **Royalty clients are to remit the total amount payable shown on the August 2006 Statement of Account by August 31, 2006.** If the amount payable includes accrued current period interest, the interest has only been accrued to the statement issue date. Clients must also include the additional interest that has accrued from the statement issue date to the date of payment, using the per diem amount provided.

- **The August 2006 Statement of Account shows your amount payable as of the Statement issue date. It includes any outstanding balances from your previous statement, your May 2006 Invoice amount and any applicable current period interest charges. It also identifies refunds resulting from overpayments.**

- Current period interest will not be charged on current invoice charges for the production month of May 2006 if it is paid in full by August 31, 2006.

- Current period interest will accrue on any overdue charges commencing the first day after the due-date until it is paid in full.

  Note: If the due date falls on a non-business day, the next business day will apply as the due date.

- Cheques are payable to the Minister of Finance, Province of Alberta.

June 2006 VA4 Due August 15

The VA4 forms for the production month of June 2006 are due in the department offices by August 15, 2006.

Note: If the due date (15th) falls on a non-business day, the next business day will apply as the due date for VA4 forms.

June 2006 Production Reporting

June 2006 production reporting is submitted through the Registry. The deadline for submission of SAF, OAF, and Volumetrics is posted in the Petroleum Registry of Alberta website "Calendar" under Bulletin Board.

Changes to this calendar will be posted on the Registry web site home page in "Broadcast Messages."

Interest Rate July 2006

Alberta Energy's interest rate for July 2006 is 7.00%.

April Provisional Assessment Charge

The summary of Provisional Assessment Charges for all production periods in the April 2006 billing period was:

First Time Provisional Assessment	Reversals of Provisional Assessments	Net Provisional Assessment
$8,136,049.77	($6,027,647.02)	$2,108,402.75

April Penalty Charges

The revised penalty table below shows at the form level, the total penalty charges and reversals, for the April 2006 billing period:

FORM	Penalty Charges	Penalty Reversals	Net Penalty Charges for 2006/04
AC2	$7,800	($10,000)	($2,200)
AC4	$200	($1,600)	($1,400)
AC5	$4,000	($2,100)	$1,900
GR2	$0	$0	$0
NGL1	$0	$0	$0
VA2	$0	($2,000)	($2,000)
VA3	$0	$0	$0
VA4	$0	$0	$0
Total	**$12,000**	**($15,700)**	**($3,700)**

Alberta Royalty Tax Credit Program Quarterly Rate

For the third quarter of 2006, commencing July 1, 2006, the royalty tax credit rate will be .2500. This rate is based on a royalty tax credit reference price of $511.17 per cubic metre. The Alberta Royalty Tax Credit rates for the past year were:

Second Quarter, 2006	.2500
First Quarter, 2006	.2500
Fourth Quarter, 2005	.2500
Third Quarter, 2005	.2500

If you have any questions, please contact Alberta Finance, Information Services at (780) 427-3044. [Toll-free long distance is (780) 310-000-427-3044].

Gas Royalty Calculation Support

Gas Royalty Calculation staff will be available monthly to meet with clients who need assistance with royalty reporting. Royalty clients requiring assistance are encouraged to call Deen Khan, Director, Gas Royalty Calculation (780-422-9247) or e-mail deen.khan@gov.ab.ca two business days before the meeting date to arrange an appointment. The July through September schedule is as follows:

Where:
AMEC Place
Room 437, 801-6 Avenue SW
Calgary, Alberta
Phone: 403-297-8954
(Industry must go to the 3rd Floor Reception upon arrival to sign-in and be given a visitor tag)

When – 10 am to 3 pm
July 27, 2006
August 23, 2006
September 21, 2006

D. INFRASTRUCTURE DATA CHANGES

Client ID Listing

The BA Identifiers Report is a directory of Business Associate (BA) names, codes, status (e.g. struck, active, amalgamated, etc.), status effective dates, and effective August 2004, includes Working Interest Owner (WIO) role start/end dates.

This report is also published daily on the Petroleum Registry website at:

http://www.petroleumregistry.gov.ab.ca

The department reminds Business Associates to review their WIO role to ensure the start and end dates are reflected correctly. If the BA does not have an active WIO role, the operators cannot allocate volumes to the BA for the relevant production periods through the SAF/OAF allocations.

- If a BA has a WIO role start date with no end date, then that BA can receive allocations from the stated start date forward.
- If a BA has a WIO role start and end date, then they can only receive allocations from the stated start date until the end date. Any allocations after the end date will be rejected.
- If a BA does not have a WIO role start date, then that BA cannot receive allocations at all.

Please contact Client Registry at (780) 422-1395 if you have any questions regarding the information supplied on this listing.

Projects/Blocks

If information is required on Projects or Blocks, please contact Isabelle Warwa at (780) 427-8952.

Client Status Changes

Clients must ensure that all royalty documents are completed using only valid client names and IDs. It is critical that royalty clients use current legal client names and their appropriate IDs on all documents to ensure accurate royalty calculation and to prevent provisional assessment and penalties. Rejects will occur when invalid IDs are used.

If you require information regarding client names or IDs, please contact Client Registry at (780) 422-1395.

The following is a list of struck, cancelled, revived, and dissolved clients:

Company Name	**Client ID**	**Struck Date**
374624 Alberta Ltd.	0JX3	June 2, 2006
Camrobbry Energy Ltd.	0NF3	June 2, 2006
Dalhousie Supervision Limited	0JE3	June 2, 2006
Eastland Exploration JV Ltd.	A18J	June 2, 2006
ECNG Inc.	A025	June 2, 2006
Francarep Canada Limited	0G0M	June 2, 2006
MBA Petroleum Consulting Ltd.	0G26	June 2, 2006
Oak Ridge Oil & Minerals Ltd.	0M99	June 2, 2006
Trizechahn Office Properties Ltd.	349C	June 2, 2006
Ventura Energy Inc.	0ZY5	June 2, 2006
Weeping Birch Resources Ltd.	A05N	June 2, 2006
Company Name	**Client ID**	**Cancelled Date**
3115151 Nova Scotia Company	A1TK	June 2, 2006
3115153 Nova Scotia Company	A1TL	June 2, 2006
3850625 Canada Inc.	0A4J	June 2, 2006
Boralex Inc.	0J5R	June 2, 2006
Company Name	**Client ID**	**Revived Date**
Canadian Gas & Electric Inc.	0B0T	June 12, 2006
Sabelli Petroleum Consulting Ltd.	0PT7	June 13, 2006
Company Name	**Client ID**	**Dissolved Date**
Bar U Ranch Ltd.	0588	June 30, 2006
Revillon Resources Ltd.	0DJ8	June 29, 2006
Cora Lynn Drilling Co. Ltd.	0WY1	June 30, 2006

Nova Tolls - Multiple Gas Reference Prices

Royalty information related to the implementation of the Factor Model negotiated with industry for determining Multiple Gas Valuation Prices is provided on the Natural Gas website's Royalty Related Information page under Facility Royalty Trigger Factors and Meter Station Ties.

E. REMINDERS

2006 Annual Allowable Cost Estimates (Capital Cost Allowance and Custom Processing Allowance)

For the January through March 2006 billing periods, royalty clients received monthly cost deductions that were calculated by using their 2005 Estimated Allowable Costs, multiplied by their 2004 Corporate Effective Royalty Rate (CERR), divided by 12 (months).

The information in the 2005 AC2, AC3, and AC5 documents was used to calculate the 2005 Actual Capital Cost and Custom Processing Allowances. This calculation was reflected in the April 2006 Initial Annual Billing Period (IABP) invoice, issued in June 2006.

The 2005 Actual Allowable Costs became the royalty client's 2006 Allowable Cost Estimates.

Commencing with the April 2006 billing period, royalty clients will receive monthly deductions based on their calculated 2006 Allowable Cost Estimates, multiplied by their new 2005 CERR, minus the total deductions received in the January, February and March 2006 billing period invoices, divided by the months remaining in the year (i.e. 9 months as of the April billing period).

To adjust the 2006 Allowable Cost Estimates, please submit a written request, accompanied by supporting documentation, to Client Services.

Examples when an adjustment may be required are as follows:

- A royalty client's business in a year changes significantly so that the Crown share of Capital Cost Allowance and/or Custom Processing Allowance from the preceding year are no longer applicable, or
- The AC2, AC3, and AC5 documents were not submitted in time for them to be processed in the 2005 IABP.

Provincial Average Corporate Effective Royalty Rate (CERR)

The Provincial Average CERR is initially assigned to each new royalty client to estimate the Crown's share of allowable costs. Each June, during the Initial Annual Billing Period (IABP), the estimated CERR is recalculated and the actual Crown share of allowable costs is determined using the client's actual calculated CERR.

The Provincial Average CERR for the 2006 production year is 0.1996828.

Royalty Deposit Adjustment

The royalty deposit recalculation for 2006 is the lesser of 1/6 of a client's net royalty for 2005 including condensate and the amount determined by multiplying the current deposit maintained by the client by a price factor. The factor of (1.30) was calculated by dividing the current year

long-term gas reference price for 2006 ($6.50) by the long-term gas reference price used in the 2005 ($5.00) calculation. Refer to Chapter VII, Section 1.5 of the Alberta Natural Gas Royalty Guidelines for additional information. Refer to Attachment 4 for a sample of the Royalty Deposit Adjustment report which includes a new column for condensate. If you have any questions, please contact Shellie Duiker at (780) 422-8083.

Operating Costs Subject to Recapture

The Operating Costs Subject to Recapture report for the 2005 production year was issued in the April 2006 invoice in the June 2006 calendar month. Operating costs are recaptured from a royalty client who has volumes at a facility where they have no capital ownership (as identified on the AC1, AC2 or AC3 submission) and no reported custom processing fees. A royalty client who is not an owner at a facility is not entitled to the operating cost they received on a monthly basis. The operating costs subject to recapture will be charged in the August 2006 billing period invoice issued in October 2006.

Annual Operating Cost Adjustment Reports for February 2006 Billing Period

Royalty clients may have had a charge type on their February 2006 invoice titled "Annual Operating Cost Adjustment." This adjustment represents the difference between the actual annual operating costs and the accumulated estimated monthly unit operating cost rate (UOCR), including any prior annual adjustments, for a production year. To support this adjustment the Annual Operating Cost Adjustment Details and Annual Operating Cost Adjustment Summary reports were included in the February 2006 billing period invoice. These reports may have omitted some historical operating cost information if a production month's annual adjustment is zero, and therefore were reissued. However, the annual operating cost adjustment amounts reported on the February 2006 invoices were correct. The revised reports have the February 2006 billing period on them and were sent to the Registry on May 18, 2006.

If you have any questions, please contact your Gas Royalty Client Services portfolio representative as identified in Section F of this bulletin.

Allocating Operating Costs to the Reported EUB Facility Code on the AC1

In some complex systems, processing and product allocation can occur at numerous EUB facilities within the network. Situations exist where an FCC is tied to one facility, but the royalty volumes and operating costs are triggered at another EUB facility within the network. In these cases, if there is no record of ownership (AC1, AC2 or AC3) or custom processing fees (AC5) at this additional facility, the department will recapture operating costs previously allowed on these royalty volumes.

Where operating costs may need to be allocated to account for volumes delivered to other facilities in order to retain eligible operating costs, the current AC1 can be amended to indicate the other EUB royalty trigger facility. The reported EUB facility code (field 2.10) on the AC1 is used to preserve the FCC owner's existing operating cost deduction entitlement. Field 2.10 allows identifying multiple facilities, if applicable.

If you have any questions, please contact your Gas Royalty Client Services portfolio representative as identified in Section F of this bulletin.

Additional Changes to the Royalty Exemption Statement – Condensate Royalty

The Royalty Exemption Statement has been changed to incorporate condensate royalty for wells that have condensate royalty and have received a Deep Gas Royalty exemption. Four columns have been added in the report:

- A column each for Condensate Royalty ($) and Eligible Condensate Exemption Taken ($) for the total well, and
- A column each for Condensate Royalty ($) and Eligible Condensate Exemption Taken ($) for the royalty client share.

The Royalty Exemption Statement is produced and included with the monthly invoice. This statement is provided to the clients on the Registry in three formats: TXT, PDF and CSV. See Attachment 5 for a sample report.

For royalty exemption royalty clients who currently receive their monthly invoice in paper format, and do not have access to the Registry, the invoice and corresponding detail statement are still available in paper format and will continue to be mailed.

No changes to the User Defined File (UDF) Handbook are required.

For further information please contact Tracy Wadson (780) 422-9240 or Lu-enn Toon at (780) 422-9082.

F. POINTS OF CONTACT

Petroleum Registry of Alberta

The Petroleum Registry of Alberta Service Desk is the focal point for communications with the Registry regarding preparations for, access to, or utilization of the Registry. To contact the Petroleum Registry of Alberta Service Desk call: 1-800-992-1144.

Alberta Energy Internet

Prices, Royalty Rates, and Transportation Information are available on the Alberta Energy Internet address: http://www.energy.gov.ab.ca, from "Our Business", navigate to "Natural Gas", "About Natural Gas", "Prices", "Alberta Natural Gas Reference Price (ARP)".

In addition, both the Gas Royalty Calculation Information Bulletins and Information Letters are also available on the Alberta Energy Internet address: http://www.energy.gov.ab.ca, from "Our Business", navigate to "Natural Gas", "Legislation, Guidelines & Policies".

Gas Royalty Client Services

The Gas Royalty Client Services is structured as a Business Associate client portfolio system, which assigns a given Business Associate to one of four Client Service teams. Listed below is the portfolio breakdown along with Client Service Team Leads and phone numbers. The portfolios are divided by company name and not by BA ID.

Example: If your company name is the "Gas Company" you would call C – G team at (780) 644-1202.

Business Associate	Phone Number and E-mail Address	Team Lead
Numbered companies, A, B & L	(780) 644-1201 GRCST1@gov.ab.ca	Mary Spearing
C – G	(780) 644-1202 GRCST2@gov.ab.ca	Lily Hiew
H – P (excluding L)	(780) 644-1203 GRCST3@gov.ab.ca	Chris Nixon
Q – Z	(780) 644-1204 GRCST4@gov.ab.ca	Kamal Rajendra

Gas Royalty Reception: (780) 427-2962
Fax: (780) 427-3334 or (780) 422-8732
Alberta Toll Free: (780) 310-0000
Hours of operation are 8:15 a.m. to 4:30 p.m.
Voice messages left after 4:30 p.m. will be answered the next business day.

In situations where a company has just amalgamated or purchased another company, the general rule is to call the team that is responsible for the "Supra" business associate, or Royalty payer.

Below are some guidelines for clients who are unsure which Client Services Team to call regarding their questions.

1. **Amalgamation/consolidation** - Call the team responsible for the "Supra" business associate (Royalty Payer).

   i.e. ABC Oil and Gas amalgamates with Zed Exploration and Zed is the amalgamator (royalty payer). When calling Client Services regarding business for ABC Oil and Gas you would call Team 4 (Q-Z) (780-644-1204) because Zed Exploration is now the Supra business associate and royalty payer. This rule would apply even if you were calling regarding business that is prior to the acquisition or amalgamation.

2. **Asset Purchase** - Call the team responsible for your company.

   i.e. 123 Gas purchases the assets of TSP Exploration, but not the company. When calling Client Services regarding business for 123 Gas you would call Team 1 (# Co., A, B, & L) (780-644-1201) because you have only purchased assets. You would not be entitled to information regarding business for TSP Exploration that is prior to the asset purchase.

3. **Consultants/service providers** - If you have a contract to provide production accounting services to a company, call the team responsible for your client's company.

   i.e. Paul Snow Consulting Services enters into a contract with Duckback Oil and Gas and Olive Oil and Gas. Paul Snow would contact Team 2 (C-G) (780-644-1202) to discuss Duckback Oil business and Team 3 (H-P excluding L) (780-644-1203) to discuss Olive Oil and Gas business. At the time the contract is signed, Paul Snow would have had each company notify the appropriate team that he was authorized to access information for their company.

Reference Prices and Valuation Allowances Calculation Information

Gas Royalty Valuation and Markets
300, 801 – 6 Avenue SW
Calgary, Alberta T2P 3W2
Telephone (403) 297-5514
Fax (403) 297-5400

Calgary Information Centre

300, 801 – 6 Avenue SW
Calgary, Alberta T2P 3W2
Telephone (403) 297-6324
Fax (403) 297-8954

Alberta Royalty Tax Credit Information

Alberta Finance, Tax and Revenue Administration
Tax Services
Telephone: (780) 427-3044
Alberta Toll Free: (780) 310-0000
Fax: (780) 427-5074
For further information, please contact Tax Services at (780) 427-9425.

Deen Khan
Director, Gas Royalty Calculation
Gas Development

Attachments

2006 GAS AND ISC PRICES

MONTH	Gas Reference Price ($/GJ)	Methane ISC Reference Price ($/GJ)	Methane ISC Par Price ($/GJ)	Ethane ISC Reference Price ($/GJ)	Propane ISC Reference Price ($/GJ)	Butanes ISC Reference Price ($/GJ)	Pentanes plus ISC Reference Price ($/GJ)
JAN	9.52	9.56	9.56	9.33	9.11	9.10	9.14
FEB	7.38	7.36	7.36	7.58	7.58	7.58	7.59
MAR	6.47	6.46	6.46	6.67	6.71	6.74	6.76
APR	6.18	6.17	6.17	6.31	6.31	6.36	6.36
MAY	5.71	5.70	5.70	5.77	5.74	5.76	5.77
JUN							
JUL							
AUG							
SEPT							
OCT							
NOV							
DEC							

Natural Gas and NGLs Select Prices for 2006	
Commodity	2006
New Methane	1.419 $/GJ
Old Methane	0.418 $/GJ
New Ethane	1.419 $/GJ
Old Ethane	0.418 $/GJ
Propane	1.419 $/GJ
Butanes	1.419 $/GJ
Pentanes plus	50.73 $/m3

Royalty Factors for Pentanes plus		
	Base	Marginal
New Pentanes	22	35
Old Pentanes	22	50

DETAIL OF THE MAY 2006 GAS AND ISC REFERENCE PRICES						
	Gas	Methane	C2-IC	C3-IC	C4-IC	C5-IC
Weighted Average Price of Alberta	6.031	6.044	5.997	5.928	5.929	5.923
Deductions: Intra – Alberta Transportation	0.218	0.232	0.132	0.093	0.072	0.055
Marketing Allowance	0.027	0.027	0.027	0.027	0.027	0.027
Price Before Pipeline Factor	5.786	5.785	5.838	5.808	5.830	5.841
Pipeline Fuel/Loss Factor	0.990	0.990	0.990	0.990	0.990	0.990
Price before Special Adjustment	5.726	5.726	5.778	5.749	5.771	5.782
Special Adjustment	0.000	0.000	0.000	0.000	0.000	0.000
Price before 2% amendment limitation or rounding	5.726	5.726	5.778	5.749	5.771	5.782
Amendments: Carry forward (from previous RP month)	0.002	0.004	0.005	-0.002	-0.005	0.000
Prior Period Amendment Adjustment (current RP month)	-0.023	-0.026	-0.015	-0.011	-0.010	-0.009
Calculated RP after Amendments	5.705	5.704	5.768	5.736	5.756	5.773
MAY 2006 Reference Price	**5.71**	**5.70**	**5.77**	**5.74**	**5.76**	**5.77**
Difference = value carried forward to next RP month	-0.005	0.004	-0.002	-0.004	-0.004	0.003
Adjusted IATD (before Prior Period Amendments)	n/a	0.230	0.131	0.092	0.071	0.054
Prior period Amendments (IATD and Pipeline Fuel Loss)	n/a	0.000	0.000	0.000	0.000	0.000
Adjusted IATD (after Prior Period Amendments)	n/a	0.230	0.131	0.092	0.071	0.054

2005 Weighted Average Reference Price ($/GJ)
7.935

2005 Weighted Average OMAC ($/GJ)
0.023

2006
NATURAL GAS LIQUIDS PRICES

MONTH	Ethane Reference Price ($/GJ)	Ethane Par Price ($/GJ)	Propane Reference Price ($/m3)	Propane Par Price ($/GJ)	Propane Floor Price ($/m3)	Butanes Reference Price ($/m3)	Butanes Par Price ($/GJ)	Butanes Floor Price ($/m3)	Pentanes plus Reference Price ($/m3)	Pentanes plus Par Price ($/m3)	Sulphur Default Price ($ per tonne)
JAN	9.33	9.33	289.22	9.11	240.07	394.52	9.10	329.84	484.39	477.02	27.53
FEB	7.58	7.58	248.16	7.58	213.28	370.63	7.58	279.57	468.40	441.89	29.48
MAR	6.67	6.67	254.40	6.71	213.86	362.89	6.74	272.66	468.85	457.27	31.39
APR	6.31	6.31	286.26	6.31	248.88	390.67	6.36	290.57	545.33	524.82	25.41
MAY	5.77	5.77	279.81	5.74	247.11	376.44	5.76	283.32	529.03	507.26	24.31
JUN											
JUL											
AUG											
SEPT											
OCT											
NOV											
DEC											

ANNUAL SULPHUR DEFAULT PRICE				
2001	2002	2003	2004	2005
$0.28	$6.74	$30.97	$31.98	$33.98

2006
NGL TRANSPORTATION ALLOWANCE AND DEDUCTIONS

MONTH	PENTANES PLUS (a)				PROPANE AND BUTANES (b)				PENTANES PLUS, PROPANE & BUTANE (c)				FRAC. ALLOW. (per m3)
	REGION				REGION				REGION				
	1	2	3	4	1	2	3	4	1	2	3	4	
JAN	-0.90	13.92	10.05	18.08	18.72	-1.58	-33.18	-18.57	17.78	14.75	35.26	16.39	15.50
FEB	24.88	25.25	34.62	26.47	10.17	-2.24	-57.23	-19.17	18.42	13.68	31.79	18.91	15.50
MAR	14.23	10.00	32.47	4.43	12.33	6.56	3.05	-2.25	20.08	16.58	22.76	19.67	15.50
APR	16.82	16.81	36.92	26.20	8.13	4.05	4.42	3.86	18.80	24.73	22.81	27.82	15.50
MAY	21.44	17.83	34.47	26.88	7.50	0.28	-5.71	1.91	17.91	17.74	17.30	23.36	15.50
JUN													
JUL													
AUG													
SEPT													
OCT													
NOV													
DEC													

(a) Pentanes Plus obtained as a specification gas product,
(b) Propane and Butanes obtained as specification products, and
(c) Pentanes Plus, Propane and Butane contained in a natural gas liquids mix.

* Current month calculated allowance is based on an estimate.

Note: For details on "Prior Period Amendment Effects", see Attachment 2A.

PRIOR PERIOD AMENDMENT EFFECTS

NGL REFERENCE PRICES	MAY 2006		
	Propane	*Butanes*	*Pentanes*
Price before amendments	279.816371	376.665794	529.034832
Opening Rollover (from prior business mth)	-0.002004	0.004498	-0.001934
Prior Period Amendment Adj. (NGL-1)	0.000000	0.000000	0.000000
Prior Period Amendment Adj. (NGL-100)	0.000000	-0.235072	0.000000
Published Reference Price	**279.81**	**376.44**	**529.03**

TRANSPORTATION ALLOWANCES	MAY 2006											
	Pentanes Plus				Propane and Butanes				Pentanes Plus, Propane & Butane			
AMENDMENTS	Region 1	Region 2	Region 3	Region 4	Region 1	Region 2	Region 3	Region 4	Region 1	Region 2	Region 3	Region 4
Opening Rollover (from prior business mth)	0.003853	0.002637	0.004988	0.004891	-0.000177	-0.004703	0.002530	0.004030	-0.003115	-0.000873	-0.001930	0.000359
Prior Period Amendment Adj. (NGL1)	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Prior Period Amendment Adj. (NGL-100)	0.000000	0.000000	0.000000	0.000000	-0.070554	0.608038	-0.004198	-0.000365	-0.070153	-0.077251	-0.083181	0.195706
Total Amendment Effect	0.003853	0.002637	0.004988	0.004891	-0.070731	0.603335	-0.001668	0.003665	-0.073268	-0.078124	-0.085111	0.196065
Calculated Transp. Differential	21.438687	17.825175	34.469152	26.874182	7.573375	-0.325535	-5.707730	1.902793	17.978973	17.818772	17.385185	23.164516
Calculated Transp. Differential after Total Amendments	21.442540	17.827812	34.474140	26.879073	7.502644	0.277800	-5.709398	1.906458	17.905705	17.740648	17.300074	23.360581
Published Transportation Allowance	**21.44**	**17.83**	**34.47**	**26.88**	**7.50**	**0.28**	**-5.71**	**1.91**	**17.91**	**17.74**	**17.30**	**23.36**

*Any estimates represented by (*) are calculated as the weighted average of the other regions for the same spec product transportation allowance, since the region is zero. The weightings are based on the previous year's production.

2006
ROYALTY RATES

MONTH	METHANE-OLD (% per GJ)	METHANE-NEW (% per GJ)	ETHANE - OLD (% per GJ)	ETHANE - NEW (% per GJ)	PROPANE (% per m^3)	BUTANES (% per m^3)	PENTANES – OLD (POL) (% per m^3)	PENTANES - NEW (PNE) (% per m^3)
JAN	35.00000	30.00000	35.00000	30.00000	30.00000	30.00000	47.02226	33.61748
FEB	35.00000	30.00000	35.00000	30.00000	30.00000	30.00000	46.78553	33.50757
MAR	35.00000	30.00000	35.00000	30.00000	30.00000	30.00000	46.89365	33.55777
APR	35.00000	30.00000	35.00000	30.00000	30.00000	30.00000	47.29347	33.74340
MAY	35.00000	30.00000	35.00000	30.00000	30.00000	30.00000	47.19978	33.69990
JUN								
JUL								
AUG								
SEPT								
OCT								
NOV								
DEC								

ROYALTY DEPOSIT ADJUSTMENT

Invoice #:00000042724

Issue Date: 1999-06-30
Royalty Client: 00X1
Name: DUMMY ENERGY RESOURCES LIMITED
Production Period: 1998

Royalty Payer Code: 0XX1
Name: SUMMY ENERGY RESOURCES LIMITED
Address: NORTHERN TOWER
1115 5 AVE SW
CALGARY AB T2X 2R5

DEPOSIT ADJUSTMENT		
New Deposit ($)	Prior Year Deposit ($)	Deposit Adjustment ($)
7,715,052.17	8,153,120.15	-438,067.98

ROYALTY DEPOSIT USING 1/6 CALCULATION		
PRIOR YEAR		
Annual Net Royalty ($)	Months Invoiced	New Deposit ($)
46,290,313.04	12	7,715,052.17

ROYALTY DEPOSIT USING FACTOR CALCULATION		
Prior Year Deposit ($)	Factor	Calculated Deposit ($)
8,153,120.15	1.09	8,886,900.96

NET ROYALTY CALCULATIONS ($)

Crown Royalty	Condensate Royalty	Monthly Proprietary Waiver	Annual Co-gen Contract Adjustment	Annual Operating Cost Adjustment	Injection Credit	Monthly CC Deduction	Monthly CP Fee Deduction	Annual CC Adjustment	Annual CP Fee Adjustment	Royalty Paid Bank Settlement	Monthly Allowable Cost Restriction	Annual Allowable Cost Restrict'n Adj
Royalty Client: 0099 DUMMY PETROLEUM LIMITED												
0.00	0.00	0.00	0.00	-2,260,491.84	0.00	0.00	0.00	0.00	0.00	23,666,632.78	0.00	0.00
										Annual Net Royalty:		-21,406,140.94
Royalty Client: 0X39 GEORGE'S BAY OIL AND GAS COMPANY												
0.00	0.00	0.00	0.00	-13,000.43	0.00	0.00	0.00	0.00	0.00	258,322.43	0.00	0.00
										Annual Net Royalty:		-245,322.00
Royalty Client: 039X AMEESA CANADA PETROLEUM COMPANY LTD												
70,915,542.57	5,250.36	0.00	0.00	2,667,272.90	0.00	287,540.80	0.00	-1,361.03	0.00	25,564.28	0.00	0.00
										Annual Net Royalty:		67,941,775.98
Royalty Client: 0XD7 NONEXISTANT RESOURCES LIMITED												
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
										Annual Net Royalty:		0.00
ROYALTY PAYER TOTAL												
70,915,542.57	5,250.37	0.00	0.00	393,780.63	0.00	287,540.80	0.00	-1,361.04	0.00	23,950,519.49	0.00	0.00
										Annual Net Royalty:		46,290,313.04

********** End of Report **********

Reference Number: 226718

ROYALTY EXEMPTION STATEMENT

Invoice #:00000XXXXXX

Issue Date: 2006-05-31
Royalty Client: 0XXX
Name: MY COMPANY LIMITED

Royalty Payer Code: 0XXX
Name: MY COMPANY LIMITED
Address: 100 1 Ave SW
CALGARY AB T2P 2Z5

ROYALTY EXEMPTION INFORMATION	
Well ID	1XX XX XX XXX XX WX XX
Well Operator ID	XXXX
Well Operator Name	MY COMPANY LIMITED
Well Tie	AB-BT-XXXXX
Royalty Exemption Application Number	DXXXX
Royalty Exemption Type	Deep Gas Royalty Holiday Program
Royalty Exemption Expiration Date	1998-06-01
Royalty Exemption Status	Complete
Total Well Eligible Exemption	3,447,840.00
Total Well Eligible Exemption Taken	3,447,840.00
Condensate Taken	1,200.00
Remaining Well Eligible Exemption	0.00

Production Period	TOTAL WELL				ROYALTY CLIENT SHARE			
	Gross Royalty ($)	Eligible Exemption Taken ($)	Condensate Royalty ($)	Eligible Condensate Exemption Taken ($)	Gross Royalty ($)	Eligible Exemption Taken ($)	Condensate Royalty ($)	Eligible Condensate Exemption Taken ($)
1996-05	912,712.97	912,712.97	400.00	400.00	218,933.07	218,933.07	400.00	400.00
1996-06	888,548.08	888,548.08	300.00	300.00	213,133.50	213,133.50	300.00	300.00
1996-07	898,663.22	898,663.22	200.00	200.00	215,699.12	215,699.12	200.00	200.00
1996-08	897,184.87	747,915.73	500.00	500.00	215,206.34	179,401.29	500.00	500.00
Sub-Total	3,597,109.14	3,447,840.00	1,400.00	1,400.00	862,972.03	827,166.98	1,400.00	1,400.00
TOTAL	3,597,109.14	3,447,840.00	1,400.00	1,400.00	862,972.03	827,166.98	1,400.00	1,400.00

******* End Of Report *******